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THE UNITED STATES FACTORY SYSTEM FOR TRADING WITH THE INDIANS, 1796-1822¹

Trade with the American Indians was one of the earliest motives for the establishment of white men in North America, and the rivalry of foreign countries for a firm hold upon the continent was in large part a contest for that trade. In addition to its financial value the political influence of the Indian trade is highly significant. During the period of the revolution the rivalry between England, France, and Spain for the acquisition of the most profitable parts of North America was of critical importance; and during the infancy of the new United States government the schemes and intrigues of these countries with their individual or collective attempts to win over the Indians to alliances against the United States were serious obstacles to the realization of the promise of American independence.

The French were the first to carry on any extensive trade with the Indians. The numerous French posts which sprang up rapidly during the seventeenth century were established for either or both of two purposes: as mission stations to convert the Indians to the Roman Catholic faith or as centers for securing the lucrative gains from the fur trade. Although these posts originated from the private initiative of the French *coureurs des bois*, when once established the French government was not slow to see their possibilities and was most reluctant to give them up. As late as 1797 French agents were active in creating difficulties between the Indians and the United States, giving material aid to the Indians in strengthening their fortifications and helping them in other ways to prepare for war against the United States.²

¹ This paper was read at the annual meeting of the Mississippi valley historical association in St. Paul, May 10, 1918. While the author has done much independent investigation of the subject he can not claim to have contributed much to the excellent summary given by Miss Louise Phelps Kellogg in her admirable introduction to the *Wisconsin historical collections*, v. 20.

² Frederick J. Turner, "Policy of France toward the Mississippi valley," in *American historical review*, 10: 249 ff. and "Diplomatic contest for the Mississippi

The influence of the French was small, however, in comparison with that of either the British or the Spanish. The British in the northwest and the Spanish in the southwest openly supported trading houses among the Indians. Through private employees of the government as well as through these trading establishments, Spain worked among the red men of the southwest, always aiming at winning their alliance in intrigues against the United States. Having persisted during the period of the American revolution in her opposition to the American occupation of the Mississippi valley, she sought the aid of France to prevent a peace being signed with England which would give the new United States trans-Alleghanian boundaries with the right of westward settlement to the Mississippi. France, however, failed in her conciliatory efforts to uphold the Spanish restriction of the westward development of the United States and consequently after 1783 Spain, from her point of vantage at New Orleans, inaugurated many intrigues in the furtherance of a determined policy of drawing the allegiance of the trans-Alleghanian west away from the United States. Numerous instances of her use of trading posts to deflect not only all the Indian fur trade of the southwest to New Orleans but also all political control over the Indians whether legally within the United States or not, are well known. Once in control of the powerful Indian tribes of the region, Spain had an effective weapon for use against the United States, her real foe in the eventful contest for the permanent possession of the rich Mississippi valley. The varied ramifications of Panton, Leslie and company, the great Scotch fur trading company, and its semi-official relations with the European governments contending long so successfully with the infant United States fastened a control over the Indians hard for the United States to destroy.³

valley," in *Atlantic monthly*, 93: 676 ff., 807 ff.; also "Correspondence of the French ministers to the United States, 1791-1797," in American historical association, *Annual report*, 1903 (Washington, 1904), v. 2.

³ Thomas M. Green, *The Spanish conspiracy* (Cincinnati, 1891); French E. Chadwick, *The relations of the United States and Spain: the Spanish-American war* (New York, 1911); Paul C. Phillips, *The west in the diplomacy of the American revolution* (*University of Illinois studies in the social sciences*, 2: nos. 2 and 3 — Urbana, 1913); Edward S. Corwin, *French policy and the American alliance of 1778* (Princeton, 1916); William R. Shepherd, "Papers bearing on James Wilkinson's relations with Spain, 1788-1789," in *American historical review*, 9: 748 ff. and "Wilkinson and the beginning of the Spanish conspiracy," *ibid.*, 9: 190 ff.; George L. Rives,

The British government in the northwest before 1754 utilized only privately-established trading posts to increase its hold upon the region. Thereafter through these private traders and her own government posts Great Britain guarded well her friendship with the copper-colored warriors of the northwest. Maintaining always an active fur trade with the Indians she distinctly disclaimed any designs of dispossessing them of their lands for agricultural purposes. At the same time she continually and very cleverly called the Indians' attention to the fact that the Americans, in their desire for land for agricultural settlements in the Ohio valley, were persistently aiming at the ultimate dispossession of the Indians. This British influence was especially evident during the last decade of the eighteenth century when the United States was seeking to treat with the various Indian tribes. History sustains Washington in his declaration in 1794 that the British were stirring up Indian hostilities and doing all in their power to prevent the successful conclusion of a treaty between the United States and the northwestern Indians.⁴

All three countries, France, Great Britain, and Spain, but especially the two last named, saw in their relations with the Indians a means of opposing the westward expansion of the United States. Through their respective traders and direct political agents, therefore, they sought to gain the friendship of the Indians with a view not only to enriching themselves by trade but also to influencing the Indians to oppose the American advance upon their rich "spheres of influence." "Naturally the foreign fur trading companies tended towards monopoly. At the several portages they secured the right of way; at the emporia the best of provisions and supplies; among the winterers they had their choice of men; and the returns of their 'brigades' were as valuable as the argosies of the Spanish main. Their influence was felt not only in provincial but in national parliaments; diplomacy was not seldom exercised on their behalf and they dictated the terms of several international treaties."⁵

"Spain and the United States in 1795," *ibid.*, 4: 62 ff.; Franklin L. Riley, "Spanish policy in Mississippi after the treaty of San Lorenzo," in American historical association, *Annual report*, 1897 (Washington, 1897), 176 ff.

⁴ *Washington's writings* (Evans ed.—1905), 370.

⁵ *Wisconsin historical collections*, 19: xvi.

The United States, failing more or less completely in attempts to perfect binding treaties with the Indians, at last resorted to the policy of her rivals of winning them by trade. The year 1775 saw the first beginning of the slow evolution of a government system for trade with the Indians, when a committee of congress was appointed to devise a plan of operation. In the next year the purchase of goods for the trade was ordered and all unlicensed trade was prohibited.⁶ Frequent but unsystematic conduct of the trade was undertaken during the period of the confederacy. In 1786 an ordinance was passed separating the Indian department into two divisions with a superintendent and deputies over each division, charged with the duties of executing the congressional regulations and of granting licenses to trade with the Indians; they were under obligation to make frequent reports and to carry on continual correspondence with the secretary of war. Foreigners were forbidden the trade while American citizens were required to pay fifty dollars a year for a certificate of license to trade. The superintendents and deputies were at the same time forbidden to be engaged privately in the trade. The efforts to apply the system proved ineffective owing to the general disorganization in the affairs of the government of the United States at the time. By the law of 1790 the license system was retained with a two-year license from the president as a feature and the omission of the former prohibition of foreigners from the trade; no specification was made as to the amount to be paid for the licenses.⁷ Finally a law was passed on April 18, 1796, authorizing the establishment of the desired trading posts under the immediate direction of the president. The supporters of the bill in congress urged that such an act was necessary to protect the Indians from the exploitation of numerous imposters. The Indians themselves, it was asserted, sought the aid of the United States in the enforcement upon them by governmental enactment of the first nation-wide prohibition of the liquor traffic among the tribes. Underlying all the expressed reasons was the dominant one of securing the permanent attachment of the Indians to the United States in order that the natural westward expansion of the American na-

⁶ *Wisconsin historical collections*, 19: xvi.

⁷ *Ibid.*, 19: xviii, 311, 326 ff.

tion might be facilitated and that the dangers to the United States from continual Indian conflicts be removed.

The act of 1796 authorized public trade by government traders, who were to carry on "liberal trade with the Indians" as advantageously to the Indians as possible so long as the original capital of \$150,000 voted by congress was undiminished.⁸ Permanent trading houses were to be established as necessary, at which all transactions with the Indians were to be carried on by the government agents. In 1800 two such houses were established, one at Coleraine on the frontier of Georgia and the other at Tellico Blockhouse on the border between Tennessee and the Cherokee nation.⁹ Bright seemed the prospects for these factories and Secretary of War Dearborn confidently reported to the president that "the Intercourse which grows from such establishments has a powerful tendency towards strengthening and confirming the friendship of the Indians to the people and government of the United States, and towards detaching them from the influence of neighboring governments."¹⁰ In 1802 four additional factories were established at Detroit, Fort St. Stephen, Chickasaw Bluffs, and Fort Wayne; and the next year a new act was passed authorizing further establishments. By 1809 eight more factories were founded: at Arkansa, Belle Fontaine, Natchitoches, and Chicago in 1805; Sandusky in 1806; and the island of Michilimackinac, Fort Osage, and Fort Madison in 1808.¹¹ Of these Detroit was discontinued in 1805 and Belle Fontaine in 1808, leaving in the year 1809 twelve United States government trading houses in operation.

The initial prospects of these trading houses were encouraging indeed. In spite of the exertion of the foreign traders to withdraw the confidence of the Indians from the United States and to inspire in them jealousies and unfriendliness toward the frontier people, the Indians, drawn by the low prices charged by the American posts for the supplies they needed, came readily forward to trade with the Americans, apparently eager to profit by the advantages offered. The factories accordingly flourished; in 1801 it was reported that the business had been so suc-

⁸ *American state papers: Indian affairs*, 1: 654.

⁹ *Ibid.*, 1: 643.

¹⁰ *Ibid.*, 1: 654.

¹¹ *Ibid.*, 1: 655, 824.

cessfully conducted that an increase of from three to four per cent on the original stock had been secured.¹² Unfortunately, events soon began to show the reverse side of the shield.

Although by 1800 a few American traders had appeared at Prairie du Chien and Mackinac, the northwest was still largely in the possession of the more numerous and more experienced British and French traders. The question of American licenses, it is true, occasioned considerable embarrassment to the foreign traders, and the United States territorial regulations were found to interfere with the established French and British usages. The establishment of the United States factories at Chicago and at the Sauk cities on the Mississippi, moreover, certainly tended to disturb the equilibrium and profits of the British traders, while the expedition of Zebulon M. Pike up the Mississippi from St. Louis in 1805-1806 to warn the British traders not to display their country's flag on American soil undoubtedly made them realize that a time of reckoning with the United States interests was bound sooner or later to come. Nevertheless, determined not to give up until forced to do so, they continued to make the most of their superior organization and knowledge of Indian character. The embargo act made it more difficult for both sides to obtain European supplies for their trade, but while the superintendent of Indian trade at Washington was writing plausible excuses to be given by the government factors to their tribal customers the enterprising British trader, Robert Dickson, long well known to the northwest Indians, was eluding the embargo by conveying goods to his clients in the Wisconsin forests over a circuitous route of extraordinary length, from Montreal to Pittsburgh, down the Ohio river to its mouth, and thence up the Mississippi to his old posts.¹³

With the war of 1812 and the signing of the treaty of Ghent in December, 1814, the British fur traders lost their former ascendancy on American soil. With the restoration of the important mart of Mackinac to the United States the British traders and Indian agents removed their military posts to the nearest possible sites within the British boundaries, Amherstburg opposite Detroit and Drummond Island just east of the Mackinac

¹² *American state papers: Indian affairs*, 1: 654, 683.

¹³ *Wisconsin historical collections*, 19: xvii.

straits. There they inaugurated a systematic policy of flattery and gift-giving to the Indians with the hope of counteracting the American overtures and retaining their former hold upon the Indians. They did not despair, even, of regaining the north-west when the next expected clash of their country with the United States should occur. Friction naturally arose between the neighboring British and American agents, as the letters of William Henry Puthuff, the United States agent at Mackinac, testify.¹⁴

Distressing times now befell the Wisconsin French traders who had been among the most faithful subjects of the British. Left by the treaty within the United States, they were still allied to the British by ties of custom, self-interest, and association. With an undefined status they found themselves neither British nor American citizens. Unable to obtain titles to the lands which they had inherited from their ancestors and had long cultivated, they were at the same time suspected and often harassed by officious American agents, their furs seized, their licenses revoked, and every possible obstacle placed in the path of the only method they had of earning a livelihood for their families.¹⁵ In their dilemma, John Jacob Astor, already a power in the Wisconsin trade, saw his opportunity. Having secured the passage by congress of an act April 29, 1816, by which foreigners were excluded from any participation in the fur trade within the United States except in subordinate capacities under American traders, he cleverly began through his agents to enlist the distressed French traders of Wisconsin in the service of his American fur company, which then succeeded to the interests of both the North West and Southwest companies. Within his field of operation he then began from his base at Mackinac to embrace the region of the Great lakes, the upper Mississippi, and the entire length of the Missouri, with headquarters at St. Louis. Having driven out the competing British traders by the exclusion law of 1816 he successfully defended his own practice of engaging foreigners in his service. His faith-

¹⁴ *Wisconsin historical collections*, 19: 420; 20: 32, 88 ff.

¹⁵ *Ibid.*, 20: 80, 145 ff.; Frederick J. Turner, "The character and influence of the Indian trade in Wisconsin, a study of the trading posts as an institution," in *Johns Hopkins university studies in historical and political science* (Baltimore, 1891), 9: 547 ff.

ful lieutenant, Ramsay Crooks, had by 1819 induced the war department at Washington to clear up the disputed construction of the law in regard to Astor's use of foreigners and the territorial extent of licenses so that the St. Louis officials were directed to recognize the validity of the licenses of the American fur company's Mackinac traders.¹⁶

During the same period the United States government was also extending both its posts and trading factories within the borders of Wisconsin and the northwest. In 1816 Fort Howard at Green Bay and Fort Crawford at Prairie du Chien, with Indian agencies auxiliary to both establishments, were founded. Then the government extended its factory system to the northwest as an aggressive movement to diminish the power and influence of the British traders. A new phase of the fur trade was thus begun. Thereafter government agents and private traders competed one with another for the trade of the Indians. With the bars down the traders became disorganized while a horde of adventurous Americans entered the lists against the old established trading families who were allied to the Indians by intermarriage and well trained in the efficient methods of the French and British régimes. With the gradual location of the factories alongside the American military posts numerous broils arose between the soldiers and the factors. While the treaties made by American officials with the Indian tribes at Portage des Sioux in 1815 and 1816 were made possible only by the threats of the Americans, the Winnebago as a whole refused to treat and remained for years sullen towards the United States. Down to 1825 the Wisconsin Indians made annual visits to Drummond Island and Amherstburg to consult with their wily British father and to receive their customary presents.¹⁷

Nevertheless, the earnest efforts of the United States after 1815 to gain control of the northwest fur trade, to expel inhabitants unwilling to become American citizens, to build and garrison the forts, and to rehabilitate the government fur trading factories at first bade fair to achieve success; in particular the out-

¹⁶ *Wisconsin historical collections*, 20: xi; Hiram H. Chittenden, *The American fur trade of the far west, a history of the pioneer trading posts and early fur companies of the Missouri valley and the Rocky mountains and of the overland commerce with Santa Fe* (New York, 1902), 1: 167 ff., 310 ff.

¹⁷ *Wisconsin historical collections*, 20: xix ff.

look for the factory system seemed for a time bright. Even British observers and interested parties prophesied beneficial effects from the fair dealings with the Indians. The Indians, it was said, who had at Green Bay paid fifteen dollars for a pound of tobacco and a dollar and a half for a thimble would readily recognize and appreciate the benevolence of a government that sold them articles at cost and paid them full market value for their furs.¹⁸

Some features of the Indian trade, however, were overlooked by the United States when it inaugurated its cash system. The Indian, frequently improvident, had no reserve stock of necessities. He could not possibly go out on his winter hunt unless he was supplied in advance on unsecured credit with firearms, ammunition, clothing, and many sundries. He was accustomed to pledge to private traders who furnished the supplies the peltries he expected to gather. Naturally, when advancing goods at such risks, the trader charged the highest prices while he gave the Indian as little as possible for his furs on his return from the hunt. Knowing well how shifty and uncertain the Indians were in all financial affairs, the trader sent clerks and voyageurs to follow many of his Indian debtors to their hunting grounds to secure on the spot all the peltry possible. The practice of stopping others in the forest and along the streams on their return to the summer villages became common. Almost wholly depleted of the results of their winter's hunt, the Indians reached Green Bay, Prairie du Chien, or the other posts with but few skins to sell to the government factors on a strict market basis.¹⁹

The United States government failed to foresee and avoid another difficulty. Both the French and British officials had periodically made considerable presents to their Indian wards. Weapons, ammunition, utensils, clothing, ornaments, and liquor had been distributed with a free hand as annuities for the insurance of the Indians' good will. Not only were the United States factors not supplied with such presents for distribution, but they were even held to a very strict accountability for all goods in their hands so that there was no opportunity for well-

¹⁸ *Wisconsin historical collections*, 20: xiii, 1 ff., 37 ff.

¹⁹ *Ibid.*, 20: xiv; Chittenden, *American fur trade of the far west*, 1: 13 ff.

placed American advertising. The Indians, of course, considered the factors contemptible for their parsimony and suspected them further of withholding gifts the government meant the Indians to have. Moreover, the Indians were unable to obtain any liquor from the factories because of the United States' prohibition of the traffic; at the same time, however, the government failed to enforce its prohibitive law in the case of private traders, thus giving a heavy advantage to the factors' rivals.

The square dealing at the factory soon lost its charm for the Indian when he found he could get neither the necessary credit, nor presents, nor liquor, for all three were obtainable at the unofficial trading posts. At the same time it was but natural for the Indians to hold in contempt a government that turned trader, especially when they often heard the private traders dub the government factors "Dam Yankee pedlars."²⁰

Further, the local agents of the great fur companies, such as the American, were often married to native women and had long lived in the region. Supported by a great corporation under the management of Americans who had strong influence at Washington, these agents were the foreign rivals of whom the government factors so bitterly complained in their reports.²¹

The private traders did not stop with their efforts to oust the factories by competition alone. As early as 1816 St. Louis merchants made a direct appeal to congress to abolish the factories; in the next year began the series of attacks which resulted within five years in the overthrow of the system and the complete triumph of Astor's American fur company. The recommendation of both the secretary of war and the house committee on Indian affairs of an increase of capital and the exclusion of foreigners from the trade had an immediate result, however, in a new act, which continued the system on its existing basis for another year. In large part it was the support given by the able and honest superintendent of Indian trade, Thomas L. McKenney, which thus prolonged the life of the system. Advocating in an elaborate report the doubling of the number of factories, he contended that, in order to determine whether the plan was successful, it ought to be conducted for a time on a

²⁰ Chittenden, *American fur trade of the far west*, 1: 13 ff.; *Wisconsin historical collections*, 7: 272, 20: xv.

²¹ *Ibid.*, 7: 275 ff.

scale in correspondence with the government's resources and not with its paltry \$300,000 capitalization merely as a competitor to private concerns.²² When the American fur company, under the leadership of Ramsay Crooks and seconded by the St. Louis traders, inaugurated its campaign for the abolition of the factories, it found an attorney in the astute Senator Thomas H. Benton, who handled the case so well in congress that the investigating committee which reported on February 16, 1820, declared the factories to be "productive of very serious injuries." At the same time it was proposed that the federal government should either take the entire Indian trade into its own hands, or let it be surrendered to a single licensed corporation to be held for abuses. Influenced by the report of McKenney this same committee on April 5 reversed its position and recommended the continuance of the system.²³

At this critical point the philanthropic interests of the east came to the defense of the system. In response to a renewed demand for the civilization of the Indians, Secretary of War John C. Calhoun despatched the Reverend Jedidiah Morse on an extensive western tour to report upon Indian trade conditions. His report, however, surprised the east by recommending the abolition of the factory system because of the undoubted misunderstanding the Indians had of its purpose and because of its failure as a civilizing agency.²⁴

This unexpected support encouraged the American fur company to continue its fight. Then, too, Ninian Edwards of Illinois, Lewis Cass of Michigan, and several other prominent western statesmen repeatedly expressed their disapproval of the system. While some of these were doubtless influenced by their own or their constituents' private interests, some, as apparently in Cass' case, based their opinion on personal experience and observation of the ineffectiveness of the system under the existing western conditions.²⁵

²² *Wisconsin historical collections*, 20: xv, 37 ff., 66 ff.; Chittenden, *American fur trade of the far west*, 1: 15; *American state papers: Indian affairs*, 2: 127, 181.

²³ *Ibid.*, 2: 201 ff.; *Wisconsin historical collections*, 20: 162 ff.

²⁴ Jedidiah Morse, *Report to the secretary of war of the United States on Indian affairs* (New Haven, 1822); *American state papers: Indian affairs*, 2: 274.

²⁵ Ninian W. Edwards, *History of Illinois from 1778 to 1833, and life and times of Ninian Edwards* (Springfield, 1870); *Wisconsin historical collections*, 19: 395, 20: 82 ff., 204, 242.

Finally, in the seventeenth congress, Benton as chairman of the senate committee on Indian affairs forced the issue by the introduction of the bill for the abolition of the system. The factory system, he contended, had been inaugurated to remedy the evil caused by permitting the British, under article three of Jay's treaty of 1795, to navigate the Mississippi and to trade with Indians within the limits of the United States. Apprehending that, at the time, American private traders had neither the capital nor the strength to gain the good will of the Indians in trade and thereby to counteract the British influence, congress had placed the factory system in operation in the west simultaneously with the surrender of the western posts by the English in the summer of 1796.

Looking into the operations of the system, however, Benton found upon examination of the itemized list of purchases of goods by the superintendent for the Indians a charge for eight gross of jewsharps. Clearly convinced that many of the items before this one were articles useless to the Indians, Benton here stopped to remark that he had not seen jewsharps "enumerated among the articles of Indian commerce in Sir Alexander McKenzie's history of the fur trade, nor could he perceive in what manner they could be used efficaciously in expelling British traders from the Northwestern Territories. But the present superintendent had superadded some objects of a different character: schemes for the amendment of the heads and hearts of the Indians; to improve their moral and intellectual faculties; to draw them from the savage and hunter state, and induct them into the innocent pursuits of civilized life. In the execution of these schemes, the jewsharps might have their use. They are musical instruments, and 'music hath charms to sooth the savage heart. . . .' It has been related," Benton continued, "of a musician of old, that he even tamed wild beasts, and bent down the tops of trees, and drew a woman out of hell, by the potent charms of music. In modern times it has also been said,

'He that hath not music in his soul,
Is fit for treason, stratagem and spoil'."

These instruments were innocent instruments, and on that account had been spared where better had been condemned. An ordinance of the city of Hartford, against fifes and drums, con-

tained express exception in favor of the jewsharp. They were innocent and adapted to the purposes of the superintendent in reclaiming the savage from the hunter state. The first state after that, in the road to refined life, was the pastoral, and without music the tawny-colored Corydons and the red-skinned Amaryllises, "recubans sub tegmine fagi" upon the banks of the Missouri and Mississippi could make no progress in the delightful business of love and sentiment. Even if the factories should be abolished, these harps might not be lost. They might be "'hung upon the willows' and Aeolus, as he passes by, might discourse upon them melancholy music, 'soft and sad' adapted to the vicissitudes of human affairs, the death of the factories, and the loss of the innocent age they were intended to introduce."²⁶

In substantiation of his persistent charge that the superintendent had purchased supplies of very inferior quality at exorbitantly high prices and sold them to the Indians at an unreasonable advance, Benton submitted the testimony of individual traders and Indian agents, some if not all of whom were personally desirous of eliminating the factors as competitors while others, such as Crooks, were prominent in the employ of Astor. The factors, he contended, had violated every provision of the law which obligated them to sell only to the Indians on liberal terms so as to save the original stock from being diminished. O'Fallon, Crooks, and others established for Benton that the goods had been sold to officers, soldiers, citizens, and private traders in direct violation of the letter of the act of congress and the policy of the government in establishing the factories. A capricious system of sale prices, constantly changing to meet competition and higher or lower as rivals were far off or near at hand, was said to prevail among the factors.²⁷ Furthermore, Benton charged that the superintendent, in defiance of the law

²⁶ *Annals of congress*, 17 congress, 1 session, 317, 359, 364, 433; *American state papers: Indian affairs*, 2: 260 ff., 326 ff. As a matter of fact jewsharps were a well-known article of the Indian trade.

²⁷ It is now known that the government factories could not well do otherwise if they were to compete with the American fur company, which used this very method to annihilate individual traders and the government factories. Chittenden, *American fur trade of the far west*, 1: 313 ff.; *Wisconsin historical collections*, 20: xviii, 36, 56, 61, 103, 162 ff., 211 ff., 381.

requiring the sales of the furs at different places at auction to the greatest advantage of the United States, had disposed of them principally at Georgetown, many under private contracts below the market prices.

Johnson of Louisiana, King of New York, R. M. Johnson of Kentucky, Van Buren of New York, and Lowrie of Pennsylvania, controverted Benton's charges of the abuses of the system and frauds of the superintendent and factors. Lowrie disclosed correctly that the real defects lay in the system itself and not in any fraudulent administration of it. The capital furnished was clearly inadequate for the object, that capital, furthermore, had been found difficult to manage in an Indian border extending over several thousand miles. In such an extended market, he argued, the purchase of articles suitable for the wants, real or imaginary, the wishes and the caprices of the various tribes, the transportation, care, and sale of the furs, involved such a complication of circumstances that it was impossible for the government to conduct the traffic. "Nothing but individual enterprise, individual industry and attention," he contended, "is equal to such a business." Disapproving of the entrance of the government into private trade, he would confine its functions strictly to proper public objects, leaving the Indian trade to individual initiative under government regulation. "In every competition," he asserted, "individual interest is always too sharp-sighted where the Government is a party." Unable to discern any advantages to the Indians from a system supplying at the time so small a part of their trade, he advocated the opening of the trade to free but properly regulated competition, by which the Indians would be better supplied on better terms.²⁸

To such views was added the fact that investigation proved that neither the Chicago nor the Green Bay factory served its purpose, as nearly all the sales were to civilian whites; while the one at Prairie du Chien was practically insolvent, having caused a loss to the government of \$12,300 besides harboring bad debts to the amount of \$14,404. Scarcely a third of the entire federal investment of \$300,000 in the factories was ever recovered, while

²⁸ *Annals of congress*, 17 congress, 1 session, 326, 339 ff., 351; *American state papers: Indian affairs*, 2: 326 ff.

the merchandise left on hand at the closure was so inferior in quality that the officials of the Indian department refused to make gifts of it to the Indians in council assembled.²⁹

Upon the overthrow of the system by congress in March, 1822, Benton received from Crooks his congratulations for the victory which was "the best proof of the value to the country of talents, intelligence, and perseverance." "You deserve," Crooks said, "the unqualified thanks of the community for destroying the pious monster, since to your unwearied exertions and sound practical knowledge of the whole subject the country is indebted for its deliverance from so gross and unholy an imposition."³⁰ Under the adroit management of this same Crooks, the American fur company, after throttling the official factors, then proceeded to push its private rivals to the wall, destroying all but the shrewdest and most unscrupulous.³¹

The system disappeared without occasioning any noticeable inconveniences to the Indians.³² Easily adjusting certain treaties with one or two tribes which specified that public trading houses should be maintained among them the government removed its factories without any disastrous effect upon the fur trade as a whole. It must now be confessed also that the meritorious system so fraught in its conception with good for the red men failed to avert the long and bloody Indian wars and the attendant corruption and bad faith which have gained for Americans an unenviable reputation for dishonorable conduct towards their dependent wards. Far from achieving the undermining of the influence of foreign powers among the Indians, the United States trading houses if anything tended towards the strengthening of the attachment of the natives to their foreign friends. The influence of France, Great Britain, and Spain among the Indians was diminished during the first two decades of the nineteenth century by force of arms and by diplomatic and legal procedure. The rapid rise after the war of 1812 of private American traders, well fitted to follow in the footsteps of the

²⁹ *American state papers: Indian affairs*, 2: 517, 532 ff.

³⁰ Chittenden, *American fur trade of the far west*, 1: 15.

³¹ *Ibid.*, 1: *passim*; *Wisconsin historical collections*, 20: 290 ff.

³² The bill abolishing the system passed the senate May 2, 1822; it passed the house and was approved May 6. *Annals of congress*, 17 congress, 1 session. For closures see *Wisconsin historical collections*, 20: 265, 278.

foreign ones then expelled, reduced the necessity for the continuance for commercial purposes of an inadequately supported government system.

This early effort of the government to assume its social responsibilities, however, must always be commendable. The popular failure to support the government in its undertaking to control the heartless commercial individualism of its citizens is easily understood by any student of western American history, but is none the less regrettable. Because of it the government had to turn to new methods of dealing with the Indian question, to be met at every turn with the opposition of a mercenary public opinion which insisted, to a shameful degree, upon the prostitution of the Indian service for personal and partisan advantages.

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